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FISCAL IMPACT STATEMENT

LS 6677

BILL NUMBER: SB 309

NOTE PREPARED: Jan 5, 2015

BILL AMENDED:

SUBJECT: Electricity Suppliers' Service Areas.

FIRST AUTHOR: Sen. Crider

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that after May 12, 2015, a municipality that: (1) owns and operates an electric utility; and (2) annexes an area beyond the assigned service area of its municipally owned electric utility; may not petition the Indiana Utility Regulatory Commission (IURC) to change the assigned service area of the municipally owned electric utility to include the annexed area according to certain procedures permitted under current law. It provides that the prohibition does not affect a petition that is: (1) filed with the IURC before May 13, 2015, according to the procedures permitted under current law; and (2) pending before the IURC on May 13, 2015.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill provides that after May 12, 2015, a municipality that owns and operates an electric utility and annexes territory outside its assigned service area may no longer petition the IURC to change the boundaries of the service area to include the area annexed. This provision could result in a decrease in administrative costs of the IURC to review petitions and make determinations concerning assigned service areas of municipally owned electric utilities.

Explanation of State Revenues:

Explanation of Local Expenditures: There could be lower expenses for a municipally owned electric utility to provide services to customers if less territory is included in the assigned service area than what may have been included under current law if the utility had utilized the method of petitioning the IURC. [This bill provides that this method will no longer be available after May 12, 2015.]

Also, there are other expenses associated with this method of changing the assigned service territory under current law by petitioning the IURC. Current law provides that municipally owned electric utilities shall determine each affected incumbent electricity supplier and pay to that supplier an amount of at least the value of all the electric utility property of the incumbent electricity supplier that is devoted to furnishing retail electric service within the additional assigned service area at its then reproduction cost new depreciated value. In addition, municipally owned electric utilities are required to pay the incumbent electricity supplier severance damages in some cases.

Explanation of Local Revenues: There could be less revenue from customer charges for a municipally owned electric utility if less territory is included in the assigned service area than what may have been included under current law if the utility had utilized the method of petitioning the IURC.

State Agencies Affected: Indiana Utility Regulatory Commission.

Local Agencies Affected: Municipally owned electric utilities.

Information Sources:

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